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COSTS and RETURNS



**Commercial
Dairy
Farms**
Northeast and
Midwest

1962

This report is part of a continuing nationwide study of costs and returns on farms and ranches by type and size in some of the important farming regions of the United States, conducted under the general supervision of Wylie D. Goodsell, Farm Production Economics Division, Economic Research Service. Objectives, methodology, procedure, and terms are uniform for all areas covered in the study.

Publications in this series are:

- Costs and Returns, Commercial Dairy Farms, Northeast and Midwest, 1962
- Costs and Returns, Commercial Corn Belt Farms, 1962
- Costs and Returns, Commercial Egg-Producing Farms, New Jersey, 1962
- Costs and Returns, Commercial Broiler Farms, Delmarva and Maine, 1962
- Costs and Returns, Commercial Cotton Farms, 1962
- Costs and Returns, Commercial Tobacco Farms, Coastal Plain, North Carolina, 1962
- Costs and Returns, Commercial Tobacco-Livestock Farms, Bluegrass Area, Kentucky, 1962
- Costs and Returns, Commercial Wheat Farms, Plains and Pacific Northwest, 1962
- Costs and Returns, Western Livestock Ranches, 1962

Summary statistics for all types of farms in the series are presented in the annual report, Farm Costs and Returns, Commercial Farms, by Type, Size, and Location, Agriculture Information Bulletin No. 230, Revised, 1963. In this annual report, information is given for 1962 and comparisons with 1961 and 1960 and the period 1957-59.

COSTS AND RETURNS COMMERCIAL DAIRY FARMS NORTHEAST AND MIDWEST, 1962

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The organization and costs and returns for typical dairy farms in the Midwest are represented by eastern Wisconsin farms producing grade A milk, eastern and western Wisconsin farms producing grade B milk, and southeastern Minnesota dairy-hog farms (fig. 1). The Central Northeast area includes typical dairy farms producing grade A milk in New York, Vermont, and in northern Pennsylvania counties.

Net farm incomes in 1962 on these typical dairy farms varied greatly, ranging from about 3 percent higher than in 1961 on western Wisconsin grade B farms to about 21 percent lower on Central Northeast dairy farms (fig. 2). Prices received for products sold by these farmers in 1962 averaged about 2 to 5 percent lower than a year earlier, primarily because average prices received for fluid and manufacturing milk were between 11 and 17 cents per hundredweight below 1961 prices. Total cash receipts per farm averaged \$69 to \$970 higher in 1962, largely because of increased marketings of milk and livestock.

Prices paid for goods and services used in production averaged 1 to about 4 percent higher in 1962 than in the previous year. Total cash expenditures per farm increased between \$135 and \$619 in 1962, primarily because greater quantities of inputs were purchased.

In 1962, crop yields varied from about 5 percent higher than in 1961 on grade B dairy farms in western Wisconsin to about 13 percent lower on Central Northeast dairy farms. Hay yields generally were higher, but yields of corn and oats averaged lower. Net farm production decreased about 2 percent on Central Northeast dairy farms in 1962, but increased about 1 to 9 percent on the other dairy farms. Increases in total milk production and forage production were largely responsible for increases in net production.

Total capital invested on January 1, 196²~~3~~, was record high, increasing between \$2,000 and \$4,560 per farm from a year earlier (table 1). Acres per farm changed very little, but per acre market values of land rose between about 6 and 21 percent from a year earlier.

LOCATION OF TYPES OF FARMS STUDIED

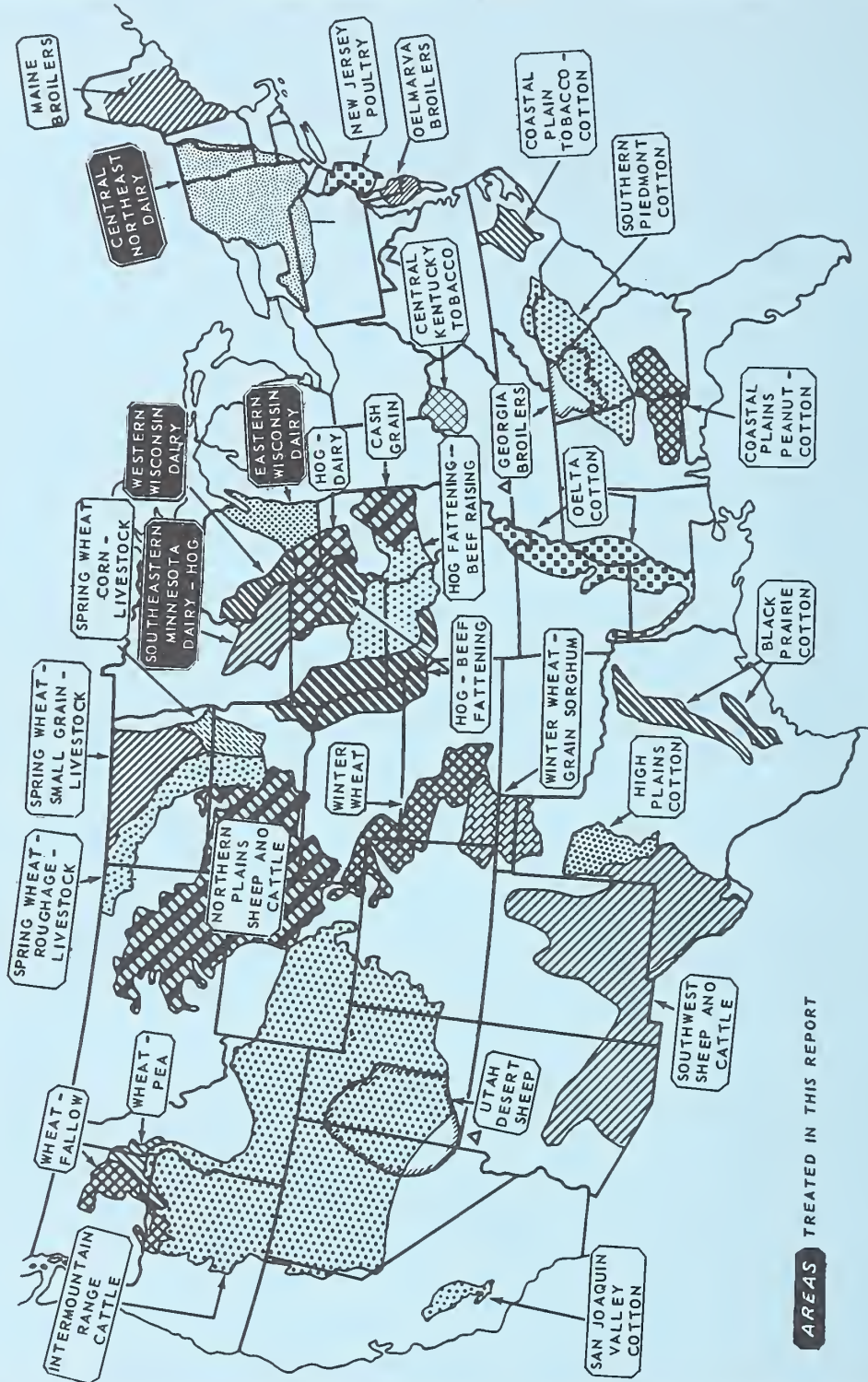


Figure 1

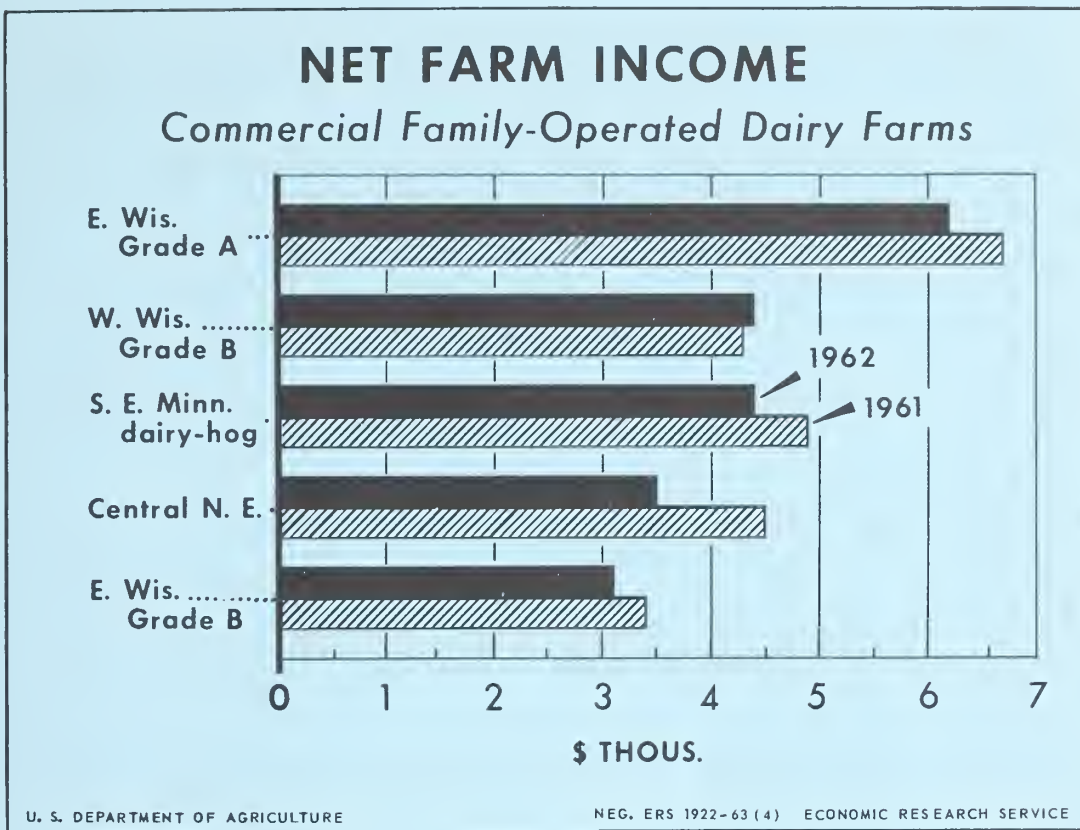


Figure 2.

SPECIALIZED DAIRY AREAS

Eastern Wisconsin, Grade A

Net farm income per farm on grade A dairy farms in eastern Wisconsin was approximately \$6,221 in 1962, about 7 percent lower than in 1961 and about 17 percent above 1957-59 incomes. Prices received averaged nearly 4 percent lower and crop yields about 3 percent lower than in 1961. Prices received for calves were up, but down for hogs and beef cattle. Despite a reduction of 17 cents per hundredweight in the average price received for fluid milk, total cash receipts were slightly higher in 1962, largely because of increased marketings of milk and calves (table 2). Small quantities of grain were sold in 1961, but no grain was sold in 1962.

Total cash expenditures increased more than 5 percent, primarily because greater quantities of inputs were purchased. Increased expenditures of \$410 per farm on the major expense items--machinery, buildings, feed, and taxes--in 1962 were largely responsible for the 11 percent drop in net cash farm income from 1961.

Net farm production rose more than 3 percent in 1962, primarily because milk production increased about 5 percent and production of roughage increased more than 15 percent. Partially offsetting these increases was a 10-percent decrease from 1961 in the production of grains. Operating expenses per unit of

Table 1.-- Organization and production, commercial dairy farms, specified locations, 1961 and 1962

Item	Unit	Eastern Wisconsin dairy				Western Wisconsin dairy, Grade B				Southeastern Minnesota dairy-hog				Central Northeast dairy			
		Grade A		Grade B		Grade B		Grade B		Grade B		Grade B		Grade B		Grade B	
		1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/
Land in farm.....	Acre	167	171	139	142	180	184	167	171	231	235						
Cropland harvested.....	do.	111	115	82	84	85	88	102	104	85	86						
Crops harvested:																	
Corn for grain.....	do.	21.6	20.5	10.9	11.0	17.0	19.5	33.6	35.9	0	0						
Corn for silage.....	do.	15.4	18.1	11.0	11.7	8.4	7.3	10.6	8.0	10.8	11.5						
Small grains.....	do.	29.0	28.5	26.3	25.7	22.7	22.1	28.1	28.0	14.0	13.1						
Hay.....	do.	38.4	41.7	32.0	34.6	35.9	38.1	30.1	32.4	60.0	61.0						
Crop yields per harvested acre:																	
Corn for grain.....	Bushel	78.5	71.4	70.2	64.0	68.3	67.8	67.2	60.2	---	---						
Corn for silage.....	Ton	12.0	11.8	10.7	10.5	12.2	12.7	11.8	10.4	11.5	11.3						
Oats.....	Bushel	61.4	60.8	56.8	56.2	58.1	52.7	50.8	49.5	52.0	50.0						
Hay.....	Ton	3.1	3.3	2.5	2.6	2.8	3.3	2.8	3.2	2.1	1.6						
Cattle on farm, Jan. 1:																	
All cattle.....	Number	50.7	53.8	32.0	34.1	40.9	42.6	34.7	36.7	43.3	46.4						
Cows and heifers, 2 years old and over.....	do.	30.2	31.7	20.4	21.4	22.0	22.7	20.5	21.3	28.9	31.4						
Milk production per cow.....	Pound	9,950	10,150	8,480	8,670	8,160	8,340	8,380	8,450	8,450	8,620						
Total farm capital, Jan. 1.....	Dollar	62,180	66,740	41,160	44,570	32,860	36,040	49,840	53,820	40,600	42,600						
Land and buildings.....	do.	35,230	38,220	25,720	28,120	18,850	21,020	33,080	35,230	21,400	22,400						
Machinery and equipment.....	do.	11,240	11,790	6,280	6,370	4,000	4,160	7,160	7,280	7,300	7,700						
Livestock.....	do.	11,380	12,070	6,200	6,530	7,320	7,600	6,680	7,240	9,400	9,700						
Crops.....	do.	4,330	4,660	2,960	3,550	2,690	3,260	2,920	4,070	2,500	2,800						
Total labor used.....	Hour	4,460	4,580	3,670	3,790	4,170	4,240	4,060	4,190	4,440	4,590						
Hired.....	do.	460	460	90	90	290	290	300	310	820	850						

1/ Preliminary.

Table 2.-- Receipts and expenditures, commercial dairy farms, specified locations, 1961 and 1962

Item	Eastern Wisconsin dairy				Western Wisconsin dairy, Grade B				Southeastern Minnesota dairy-hog				Central Northeast dairy			
	Grade A		Grade B													
	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Total cash receipts.....	13,773	13,842	7,509	7,760	7,894	8,192	9,324	9,952	11,629	12,599						
Dairy products.....	10,258	10,289	5,221	5,253	5,261	5,362	5,496	5,514	10,420	10,942						
Cattle and calves.....	1,863	2,263	958	1,197	1,438	1,477	1,122	1,265	906	1,377						
Hogs.....	968	954	727	750	666	649	1,713	1,639	0	0						
Poultry and eggs.....	0	0	383	291	337	253	452	492	217	191						
Crops.....	541	188	157	205	92	346	390	861	0	0						
Other, including Government payments....	143	148	63	64	100	105	151	181	86	89						
Total cash expenditures.....	9,719	10,240	5,805	5,940	5,196	5,444	6,525	6,924	9,325	9,944						
Feed purchased.....	1,078	1,162	854	755	722	737	812	859	3,005	3,354						
Livestock expense.....	623	672	449	478	391	410	420	451	606	615						
Fertilizer and lime.....	383	386	239	238	265	270	235	244	397	438						
Other crop expense.....	527	568	413	442	389	435	411	493	328	327						
Machinery.....	3,823	3,904	2,165	2,230	1,965	2,029	2,588	2,717	2,813	2,925						
Farm buildings and fences.....	1,385	1,494	607	650	440	468	847	879	522	537						
Labor hired.....	450	463	86	93	271	272	302	298	726	751						
Taxes.....	1,126	1,262	734	789	561	625	681	740	688	743						
Other.....	324	329	258	265	192	198	229	243	240	254						
Net cash income.....	4,054	3,602	1,704	1,820	2,698	2,748	2,799	3,028	2,304	2,655						

1/ Preliminary.

production, however, continued an upward trend, rising about 2 percent in 1962.

Total capital investment on these dairy farms on January 1, 1962, reached a record level of \$66,740 per farm, an increase of \$4,560 from a year earlier. Increases in values of land and farm buildings accounted for about two-thirds of the total increase in farm capital. The total estimated market value of land alone on these farms, which rose from about \$98 per acre in 1961 to about \$104 in 1962, increased nearly \$1,500 per farm.

The quantity of labor hired on these grade A dairy farms remained about the same as in 1961, but total labor used increased about 3 percent, primarily because of greater livestock numbers.

The current Federal Land Bank interest rate in this area on January 1, 1962, was unchanged from a year earlier, but the total charge for the use of farm capital increased more than 7 percent from a year earlier because of the increase in total farm capital. The increase in capital charge, coupled with lower net farm income, reduced the return per hour to labor from 82 cents in 1961 to 62 cents in 1962. The 1962 return per hour to labor was about 10 percent below the return in 1957-59.

Eastern Wisconsin, Grade B

Net farm incomes on grade B dairy farms in eastern Wisconsin averaged \$3,118 per farm in 1962, almost 9 percent lower than in 1961 (table 3) and about 23 percent above the 1957-59 average. Prices received were about 3 percent lower and crop yields nearly 2 percent

lower than in 1961. Total cash receipts averaged \$251 higher in 1962, despite a drop of 16 cents per hundredweight from 1961 in the price received for manufacturing milk. Except for calf and corn prices, prices received for the other farm products declined in 1962. A small quantity of corn was sold in 1962, the first time since 1951.

Total cash expenditures were up about 2 percent, largely because prices paid for production goods and services increased about 4 percent from 1961. Expenditures for feed in 1962 were about \$100 less than a year earlier because these farmers bought no corn, but total expenditures for machinery, buildings, and taxes increased nearly 5 percent.

Net farm production increased 2 percent in 1962, with milk production increasing more than 5 percent. Production of grains was lower, but forage production increased about 11 percent.

Total capital per farm reached a record level of \$44,570 on grade B dairy farms on January 1, 1962, an increase of \$3,410 from a year earlier. The estimated market value of land increased from about \$89 per acre to about \$96, which accounted for nearly 36 percent of the increase in total farm capital.

Labor hired on the grade B dairy farms remained about the same as in 1961, but total labor increased more than 3 percent--largely because of greater livestock numbers. The total charge for capital was about 8 percent higher than in the previous year. The lower net farm income resulted in a return per hour to operator and family labor of 15 cents lower than the return in 1961.

Table 3.-- Income and related data, commercial dairy farms, specified locations, 1961 and 1962

Item	Eastern Wisconsin dairy		Western Wisconsin dairy, Grade B		Southeastern Minnesota dairy-hog		Central Northeast dairy	
	Grade A		Grade B		Minnesota dairy-hog		Northeast dairy	
	1961	1962 1/	1961	1962 1/	1961	1962 1/	1961	1962 1/
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Net cash farm income.....	4,054	3,602	1,704	1,820	2,698	2,748	3,028	2,304
Value of perquisites.....	1,064	1,112	989	1,025	843	837	774	941
Change in inventory:								
Crops and livestock.....	758	684	775	292	712	771	1,105	365
Machinery and buildings.....	818	823	-31	-19	57	74	175	242
Gross farm income.....	15,595	15,638	9,273	9,077	9,449	9,800	11,091	13,529
Operating expenses.....	8,901	9,417	5,836	5,959	5,139	5,370	6,682	9,032
Net farm income.....	6,694	6,221	3,437	3,118	4,310	4,430	4,409	4,497
Charge for capital at current interest rates 2/.....	3,420	3,670	2,264	2,451	1,807	1,982	2,741	2,436
Return to operator and family labor.....	3,274	2,551	1,173	667	2,503	2,448	2,127	2,061
Return per hour.....	.82	.62	.33	.18	.64	.62	.57	.57
Charge for capital at 4.1 percent interest 3/.....	2,550	2,736	1,688	1,827	1,347	1,478	2,207	1,665
Return to operator and family labor.....	4,144	3,485	1,749	1,291	2,963	2,952	2,202	2,832
Return per hour.....	1.04	.85	.49	.35	.76	.75	.57	.78
Index numbers (1957-59=100)								
Net farm production.....	116	120	115	117	114	124	113	116
Total milk production.....	119	125	115	121	114	122	121	122
Crop yields per acre.....	114	111	114	112	112	117	111	111
Total cost per unit of production.....	100	102	97	100	98	94	103	101
Prices received for products sold.....	104	100	105	102	104	101	101	97
Prices paid, including wages to hired labor.....	106	108	104	108	105	108	105	103

1/ Preliminary. 2/ Represents the current interest rate in effect on Jan. 1, for new loans by the Federal Land Banks in the farmers' respective areas. 3/ Represents the average rate paid by farmers on outstanding debts held by the Federal Land Banks in the U. S. from 1940 to 1960.

Note: Information presented here is on an owner-operator basis primarily for comparability between types of farms. Net farm income is the return to operator and unpaid members of the family for their labor and management on the farm and return to total capital. No allowance has been made for payment of rent, interest, or mortgage.

The 1962 return to labor of 18 cents per hour was about 14 percent below the return in 1957-59.

Western Wisconsin, Grade B

Net income per farm on grade B farms in western Wisconsin was estimated to be \$4,430 in 1962, an increase of nearly 3 percent from 1961 and about 31 percent above the average for 1957-59. Prices received by these farmers in 1962 averaged about 3 percent lower than in 1961, but crop yields were about 5 percent higher, largely because hay yields increased nearly 18 percent. The record-high hay yields in 1962 were about 38 percent above the 1957-59 average.

Total cash receipts per farm averaged \$298 higher in 1962 than a year earlier, despite a 16 cents per hundredweight drop in the average *received* price paid for manufacturing milk. Calf and corn prices were higher in 1962, but prices received for other farm products were lower. Sales of corn, which have become typical for these farmers within the last 3 to 4 years, increased considerably in 1962, accounting mostly for the increase in cash receipts from 1961.

Total cash expenditures were up 5 percent in 1962, primarily because prices paid for production inputs increased about 3 percent. Total feed expense was slightly higher, but expenditures for machinery, buildings, and taxes increased more than 5 percent.

Net farm production increased about 9 percent from 1961. Largely responsible for this rise were increases of 7 percent in total production of milk and of 4 and 16 percent, respectively, in output of grain and

hay. The large increase in net farm production resulted in a 3-percent reduction from 1961 in operating expenses per unit of production. Operators of these farms were the only ones among the five groups of dairy farms whose cost per unit of production decreased in 1962.

Total capital invested per farm on these grade B farms was a record high, \$36,040 on January 1, 1962, an *increase* of \$3,180 from a year earlier. An increase in the estimated market value of land from about \$53 per acre in 1961 to about \$64 in 1962 accounted for nearly 71 percent of the increase.

Although the capital charge on these farms increased about 10 percent in 1962, the return per hour to farm operator and family labor was only slightly lower than in 1961. The return of 62 cents per hour in 1962 was about 19 percent higher than in 1957-59.

Southeastern Minnesota, Dairy-Hog

Net farm incomes on the dairy-hog farms in southeastern Minnesota averaged \$4,409 per farm in 1962, a decrease of \$459 from 1961, but were about 11 percent higher than in 1957-59. Prices received in 1962 averaged about 5 percent lower than a year earlier. Average prices received for manufacturing milk decreased from \$3.27 per hundredweight in 1961 to \$3.15 in 1962, a drop of 12 cents. Average prices received for veal calves were up 90 cents per hundredweight, but hog prices were down 50 cents per hundredweight. Prices of cattle, corn, and poultry products also declined in 1962. Crop yields per acre were down about 4 percent from 1961, despite about a 12 percent increase in the yield of hay.

Total cash receipts per farm averaged \$628 higher than a year before, primarily because of increased marketings of livestock and sales of corn. Marketings of hogs dropped slightly in 1962, but 4 percent more milk and about 13 percent more cattle and calves were sold.

Cash expenditures increased more than 6 percent from 1961, mainly because of increased purchases of inputs, particularly machinery. Prices paid for goods and services used in production averaged about 2 percent higher in 1962.

Both gross and net farm production rose about 1 percent in 1962. Total grain production decreased 4 percent from 1961, but total production of milk and roughage rose 3 to 4 percent. Operating expense per unit of production was up about 3 percent from 1961 because gross farm production increased less than total farm expense.

Total capital investment on these dairy-hog farms reached a record high, \$53,820 per farm in 1962, an increase of \$3,980 from 1961. An increase in the estimated market value of land from about \$132 per acre in 1961 to about \$145 in 1962 accounted for approximately 70 percent of the increase.

Total labor used on these dairy-hog farms increased more than 3 percent from 1961. The quantity of labor hired also increased about 3 percent, but the wage rate was slightly lower in 1962.

The total charge for capital was about 8 percent higher in 1962, even though the current interest rate was the same as in 1961. The combined net effect of a higher labor input, lower net farm income, and

higher capital charge, resulted in an average return per hour to farm operator and family labor of 20 cents lower in 1962 than in the previous year. The 1962 return per hour to operator and family labor of 37 cents per hour was about 21 percent below the return in 1957-59.

Central Northeast

Net farm income per farm on dairy farms in the Central Northeast was \$3,549 in 1962 compared with \$4,497 in 1961 and more than 17 percent below 1957-59 incomes. Prices received in 1962 were only about 2 percent lower than in 1961, but crop yields were down 13 percent. Average prices received for fluid milk decreased from \$4.48 per hundredweight in 1961 to \$4.37 in 1962. Calf prices were up, but cattle and poultry product prices were lower. The drop in net farm income is attributed largely to lower crop production. Production of small grains was about 10 percent less in 1962 than in 1961. Total production of hay equivalents (hay and corn silage) was down more than 13 percent, largely because of a considerably lower hay yield. Net cash farm income was up \$351 per farm in 1962, but crop inventories decreased \$544 from 1961 to 1962.

Total cash receipts per farm were \$970 higher in 1962, primarily because of increased marketings. The quantity of milk sold increased 8 percent and cattle and calf sales were up about 22 percent from 1961.

In 1962, total cash expenditures per farm were \$619, or 7 percent higher than a year earlier, largely because of increased purchases of production items. Prices paid were only slightly higher. Because of

lower crop production and an increase in livestock numbers in 1962, about 10 percent more feed was purchased than in 1961. Expenditures for major items--feed, taxes, machinery, and buildings--totaled \$531 higher in 1962 than in 1961, accounting for nearly 86 percent of the increase in total expenditures.

Net farm production decreased about 2 percent from 1961 to 1962. Total milk production increased more than 7 percent and calf production was higher, but these increases were not sufficient to offset the decrease in the production of crops. Consequently, operating expenses per unit of gross farm production increased from 64 cents per unit in 1961 to 68 cents in 1962, an increase of about 6 percent. With operating expenses and gross farm income moving in opposite directions between 1961 and 1962, operating expenses per dollar of gross

income rose from 67 cents to 73 cents.

Average total capital invested on Central Northeast dairy farms was a record high, \$42,600 on January 1, 1962, \$2,000 higher than a year earlier. An increase in the estimated market value of land was responsible for approximately 50 percent of the increase in total farm capital.

Total labor used in 1962 was 3 percent more than a year earlier. The quantity of labor hired increased, but wage rates remained about the same as in 1961. Although the charge for capital was only slightly higher in 1962, primarily because of a slightly lower current interest rate, the return to farm operator and family labor dropped from 57 cents per hour in 1961 to 29 cents in 1962. The return in 1962 was about 56 percent below the return in 1957-59 and the lowest return since 1950.

AREAS IN AGGREGATE ¹

In the aggregate, the dairy farms in these five areas continued to in-

¹ To describe the organizational and financial changes from year-to-year on these dairy farms as a group, a system of weights was constructed, using 1959 U.S. Census of Agriculture data. The weights were based on the number of commercial dairy farms in each of the areas represented by each of the five typical dairy farms. The commercial dairy farms represented fall into Census economic classes I-IV, which define a minimum total value of farm product sales of \$5,000 per farm. The upper limit on the value of sales per farm is not specified. Economic classes I-IV include about 76 percent of all of the commercial dairy farms in each of the five areas represented. The number of dairy farms has decreased since 1959, but it is assumed that the decrease has been proportional, exerting little effect on the weights assigned. The weights are: Central Northeast, 39.0; eastern Wisconsin grade B, 19.0; southeastern Minnesota dairy-hog, 17.0; western Wisconsin grade B, 16.0; and eastern Wisconsin grade A, 9.0.

crease in size in 1962 (about 2 percent) as smaller producers ceased operating and their farms were absorbed by the remaining producers. The average acreage of cropland harvested in 1962 was about 92 acres, a 2-acre increase from 1961. Acres of grain harvested remained about the same, but acres in forage (hay and corn silage) increased nearly 4 percent. A greater number of cows milked and increased milk production per cow in 1962 resulted in an average increase of about 6 percent in milk production per farm. Total milk production per farm in 1962 was about 26 percent greater than in 1957-59.

Despite a substantial increase in milk production in 1962, net farm

incomes averaged \$3,998 per farm, a decrease of nearly 12 percent from 1961, largely because of lower crop production. Incomes in 1962 averaged slightly higher than in 1957-59.

Prices received for farm products sold in 1962 averaged 3 percent below 1961 prices. The ratio between prices received and prices paid moved unfavorably from 98 in 1961 to 93 in 1962. Receipts from the sale of milk, which comprise about 76 percent of total cash receipts, increased only 3 percent from 1961 because of lower prices received for fluid and manufacturing milk. The weighted average of prices received in 1962 for both fluid and manufacturing milk was 14 cents per hundredweight lower than in 1961. In general, calf prices were higher, but prices received for hogs, beef cattle, poultry products, and crops were lower.

Participation in Government programs in 1962 was up slightly and total payments increased slightly from a year earlier as payment rates remained virtually unchanged.

In 1962, net cash income averaged \$2,662 per farm, about \$165 higher than in 1961. Total cash expenditures increased more than 5 percent, primarily because of greater quantities of inputs purchased. Prices paid for goods and services used in production increased about 2 percent. Expenditures for the major expense items--feed, farm machinery, buildings, and taxes--were up nearly 6 percent.

Net farm production increased very slightly from 1961 to 1962. Crop yields generally were below those in 1961. Yields of hay were record high in 1962, but yields of

the principal grain crops, corn and oats, were lower. Total grain production in 1962 was 4 percent lower than in 1961, but production of hay equivalents (hay and corn silage) was 4 percent higher. More feed was purchased in 1962 than in 1961.

Despite considerable increases in milk and forage production on these dairy farms in 1962, operating expenses per unit of production increased from 59 cents in 1961 to 61 in 1962. Total operating expenses per dollar of gross farm income increased from 62 cents to 65. Physical production efficiency in 1962 (production per unit of input measured with production and cost at constant prices, 1957-59=100) declined 2 percent from a record high in 1961.

Total capital invested per farm on January 1, 1962, was \$45,960 compared with \$37,440 in 1957-59. The January 1, 1962, capital investment represents an increase of \$3,020 from a year earlier. Record high per-acre land values in 1962 contributed greatly to the increase. The estimated market value of land rose from about \$67 per acre in 1961 to about \$74 in 1962, accounting for more than 52 percent of the increase in total farm capital. Capital invested in land and buildings was about 58 percent of total capital invested in 1962 and in 1957-59.

Total labor used on these dairy farms in 1962 averaged 4,320 hours, 3 percent more than in 1961, primarily because of an increase in livestock numbers. Labor hired also increased about 3 percent and remained about 14 percent of total labor used. In both 1961 and 1962, care of livestock required about 69 percent, crops about 16 percent, and maintenance about 15 percent of the total labor used.

The current Federal Land Bank interest rates in effect on January 1, 1962, were essentially unchanged from a year earlier, but, because of a larger investment, the total charge for farm capital increased about 5 percent in 1962. The com-

bined net effect of a higher capital charge, lower net farm income, and a higher labor input resulted in an average return to labor in 1962 of 36 cents per hour, 19 cents less than in 1961 and 16 cents lower than in 1957-59.

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